

CITY OF HOUSTON

Finance and Administration
Department

Interoffice

Correspondence

To: Mayor Bill White
Members of City Council

From: Judy Gray Johnson, Director

Date: November 24, 2004

Subject: **October Monthly Financial
and Operations Report**

Attached is the Monthly Financial and Operations Report for the period ending October 31, 2004.

General Fund Revenues

We have made a few changes in our revenue estimates since last month's report.

Sales Taxes

Sales tax revenues continue to be strong. For the fiscal year to date, revenues are up 8.43% above the same period one year ago. We have increased our estimate for sales taxes for the year to \$373 million, an increase of \$1.452 million. We are still estimating the year-over-year revenue growth for the remainder of the year at 5¼%, but are increasing our estimate due to the higher-than-expected amounts already received this year.

Gas Franchise

We have increased our revenue estimate for natural gas franchise fees by \$432 thousand, due to the continued high natural gas prices.

The net effect of these changes is to increase our revenue estimate by \$1.884 million from last month.

There are other revenues we are watching, but have not changed our estimates at this time.

Ambulance revenue collections were very low in October, but have recovered significantly in the first few weeks of November and we think the budgeted revenues for the year can still be met.

Municipal Courts collections are still below budget for this fiscal year, due primarily to lower than expected moving violations. We have not changed the revenue estimate for the year because the significant changes being made in Municipal Courts' processes are expected to increase revenues over the next few months.

General Fund Expenditures

We have changed our expenditure estimates for two departments. Municipal Courts-Justice has a significant liability for termination pay for a judge who is retiring unexpectedly after many years of service and, as a result, could overspend the budget by \$119 thousand.

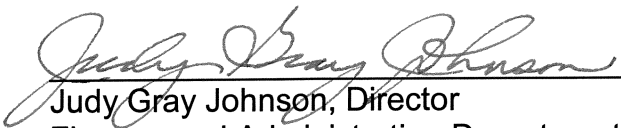
Solid Waste Management is projecting increased costs for fuel and for disposal contracts that have cost escalation factors based on fuel costs, which are projected at \$1.803 million over budget. While it is early in the year, and cost savings may yet occur to offset these increases, we wanted to bring these to the attention of City Council.

General Fund Balance

The changes in our estimates of revenues and expenditures are a net decrease of \$38 thousand. Our estimate of the ending fund balance has increased since last month, from \$85.3 million to \$89.3 million due to an increase in the estimated beginning fund balance for the fiscal year.

There are no significant changes in the other funds since last month.

If you have any questions, please let me know.



Judy Gray Johnson, Director
Finance and Administration Department